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April 17, 2013

VIA ELECTRONIC FILING

Jocelyn Boyd, Chief Clerk/Administrator
Public Service Commission of South Carolina
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Re: NDI 2013-6-C

Dear Ms. Boyd:

I am writing on behalf of the South Carolina Cable Television Association to request that the Commission open a regular docket to address the issues currently being considered in NDI 2013-6-C. The questions raised by the March 20th ORS letter and the April 8th letter from the SC Telephone Coalition are serious and substantial and should be considered in a proceeding governed by the Administrative Procedures Act.

As recognized by the Commission in its Directive dated April 10, 2013, the ORS letter suggests that companies have been overpaid by the Universal Service Fund. Questions of what companies have been overpaid, the amounts of the overpayments and the appropriate remedy should be considered in an open proceeding in which interested parties are given an opportunity to participate.

The letter by the SCTC gives its explanation of the overpayments. Apparently it is the position of the SCTC companies that they will submit new cost studies – confidential cost studies – to the ORS and these new cost studies will show that everything is fine and they should keep receiving the same level of subsidies that they have been receiving. Suffice it to say that the SCCTA does not agree with the SCTC approach. Under S.C. Code Section 58-9-280(E)(6), cost studies are required to be approved by the Commission. If the members of the SCTC want to submit new cost studies they should file a petition with the Commission seeking approval of the cost studies.

There is one assertion in the SCTC letter that the SCCTA would like to address specifically. The SCTC states its members “only draw approximately 18% of State USF for which they have been approved” and it suggests that is a reason why the overpayments are not consequential. Actually, the SCTC companies, and other Carriers of Last Resort (“COLRs”), are now, and have been since the inception of the USF, drawing 100% of the subsidy amounts approved by this Commission. Under the “Phase-In” plan COLRs receive their subsidies in part

through the explicit mechanism of the USF and in part through the continuation of the implicit subsidies flowing from rates for various non-subsidized services. As originally conceived, the Phase-In plan was designed to gradually replace the implicit subsidies with increased explicit USF funding: reductions in rates for above-cost services would allow the COLRs to get more funding from the USF in a way that was "revenue neutral." At all times the explicit subsidies and implicit subsidies added together would equal 100% of the subsidy amount originally approved by this Commission. For this reason any "overpayments" identified by the ORS represent COLRs receiving more subsidies than authorized.

The USF overpayments should be examined in a docketed proceeding that will allow all interested parties to participate fully. The SCCTA respectfully requests that the Commission open such a proceeding with a notice broad enough to allow a full examination of the manner in which COLRs are receiving payments from the USF.

Yours truly,

ROBINSON, MCFADDEN & MOORE, P.C.

A handwritten signature in black ink, appearing to read "Frank R. Ellerbe, III". The signature is fluid and cursive, with a prominent "F" and "E".

Frank R. Ellerbe, III

FRE/tch

cc: Nanette S. Edwards, Esquire (via e-mail)
M. John Bowen, Jr., Esquire (via e-mail)